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Land Use Decisions with a realistic Capital Facilities Plan:

What's in Your Wallet?

Bruce Hunt and Joyce Phillips
IACC October 2013

Using good data can prevent bad results!!!





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Commitment

Urban land use decisions create a commitment to provide urban services sometime during your 20-year Comprehensive Plan.

- Are you over-committing yourself to provide urban services with your land use plan?
- What types of land use decisions don't pan out financially?
- Are you in a hole and can't stop digging?
- Use the right tools to make land use decisions, infrastructure planning, and finance plans work together for sustainability.



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Smart Growth v Conventional Growth

What types of land use decisions don't pan out financially?



Smart growth development




Conventional suburban development



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Smart Growth Development

"Smart growth development is characterized by more efficient use of land; a mixture of homes, businesses, and services located closer together; and better connections between streets and neighborhoods – all to maximize per acre property and sales tax revenue."



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Conventional Growth Development

"Conventional suburban development is characterized by less efficient use of land with homes, schools and businesses separated and areas designed primarily for driving."



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Recent data on the cost of growth

Smart Growth America collected 17 studies from across the country. These studies analyze the fiscal realities of smart growth compared with conventional suburban development for local governments.

Nashville-Davidson County, Tennessee

The Nashville-Davidson fiscal impact analysis case study considered three development scenarios, as described:

- 1. **Bradford Hills** is a primarily residential neighborhood located in southern Nashville-Davidson County, Tennessee.
- 2. **Lenox Village** is a greenfield traditional neighborhood development (TND) located in southern Nashville-Davidson County, Tennessee.
- 3. **The Gulch** is an infill mixed use neighborhood located on a former industrial site in downtown Nashville.

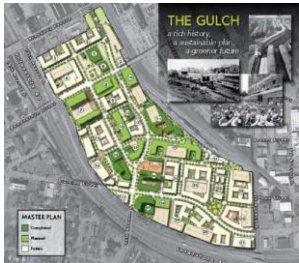
Bradford Hills



Lennox Village



The Gulch



Results

	Bradford Hills	Lennox Village	The Gulch
Housing Units	538	1,715	4,582
Acreage	185	185	75
Revenue			
Property Tax-OGD	\$665,000	\$1,473,000	\$10,402,000
Property Tax-UGD	\$0	\$0	\$2,714,000
Sales Tax	\$40,000	\$105,000	\$281,000
Other Recurring Revenues-OGD	\$286,000	\$733,000	\$1,778,000
Other Recurring Revenues-UGD	\$0	\$0	\$191,000
Subtotal	\$951,000	\$2,302,000	\$15,396,000
Per Housing Unit	\$1,803	\$1,340	\$3,375
Per Acre	\$4,725	\$12,440	\$202,080
Costs			
Per Capita Expenditures-OGD	\$655,000	\$2,168,000	\$5,384,000
Per Capita Expenditures-UGD	\$0	\$0	\$1,187,000
Subtotal	\$655,000	\$2,168,000	\$6,571,000
Per Housing Unit	\$1,200	\$1,264	\$1,440
Per Acre	\$4,623	\$11,989	\$88,333

Bottom Line

Net Revenue	\$10,000	\$144,000	\$4,790,000
Per Housing Unit	\$20	\$99	\$1,860
Per Acre	\$100	\$780	\$116,720
Net Revenue as percent of total Revenue	2 percent	6 percent	57 percent

Overall Smart Growth Findings

1. In general, smart growth development costs one-third less for upfront infrastructure.

“Our survey concluded that smart growth development saves an average of 38 percent on upfront costs for new construction of roads, sewers, water lines and other infrastructure.”

Overall Smart Growth Findings

2. Smart growth development saves an average of 10 percent on ongoing delivery of services.

“Our survey concluded that smart growth development saves municipalities an average of 10 percent on police, ambulance and fire service costs.”

Overall Smart Growth Findings

3. Smart growth development generates 10 times more tax revenue per acre than conventional suburban development.

“Our survey concluded that, on an average per-acre basis, smart growth development produces 10 times more tax revenue than conventional suburban development.”

Where do you want growth to occur?

That’s where you put your Infrastructure!!!



“One of the best ways to make a future land use plan come true is to use investments in public facilities to reinforce the plan. The community should invest in new roads, sewer and water lines and other facilities where it wants growth to occur. It should refuse to make investments in areas where it does not want growth to occur.”

Eric Damian Kelly and Barbara Becker, Community Planning: An Introduction to the Comprehensive Plan

Revenue and Expenses

What’s the Infrastructure Cost?



“Most cities and counties have little trouble determining their revenue, but few have a clear assessment of actual expenditures required to serve growth in an Urban Growth Area, as well as allocating some cost to replace aging infrastructure in the UGA - over the long term.”

UGA Guidebook 2012

Stakeholders

Who should be part of the conversation?

- Local Public Works divisions (e.g. Engineering and Utilities)
- Budget and finance staff
- Special purpose districts, Ports, and Public Utility Districts (PUDs)
- Bond underwriters
- Private engineering firms
- Citizens
- Tribes
- Others

Spokane County and Cities

Level of Service or Assumption	
Law Enforcement	1.01 officers per 1,000 people
Library	0.41 square feet per capita
Parks	1.4 acres per 1,000 people
Schools	0.5 students per residential unit
Res. Transportation	10 trips per day
Residential Wastewater	200 gal per day per residence
Com/Ind Wastewater	1,000 gal per day per acre
Residential Water Consumption	230 gal per day per residence
Com/Ind Water Consumption	1,000 gal per day per acre

Fiscal and Capital Cost Assumption and Comparisons for Selected Urban Services					
Urban Service	Assumed Cost	Alternative 1	Alternative 2	Alternative 3	Alternative 4
Law Enforc.	\$120,000/officer	\$14,280,000	\$14,640,000	\$15,840,000	\$14,880,000
Library	\$381/sq. ft.	\$18,402,000	\$18,858,000	\$20,349,201	\$19,128,000
Parks	\$300,000/acre	\$49,500,000	\$50,700,000	\$54,900,000	\$51,300,000
Schools	\$27,000/student	\$742,122,000	\$757,917,000	\$809,487,000	\$767,583,000

City of Vancouver CFP

Public Facility and Service	CFP Cost thru 2016	Estimated Population thru 2016	Service area: sq mi in 2011
Transportation	\$65,280,000	176,500	50
Water	\$36,662,000	241,000	69
Sewer	\$32,121,000	213,000	61
Stormwater	\$5,845,000	176,500	50
Parks	\$8,268,284	176,500	50
Fire	\$28,427,000	270,000	90
Police	\$250,000	176,500	50
Gen Govt	\$14,500,000	176,500	50
Schools	\$157,000,000	345,000	162
Transit	\$161,490,000	350,000	105

Finance and Planning

"Integrating finance with land use planning requires some caution. I've heard it said that there are two significant pitfalls to incorporating finance into the GMA planning process. The first pitfall is to involve the finance director in the planning process since the pessimism and cautiousness of the typical finance director will tend to dampen and constrain the "dreaming" about the future essential to a good visioning process. The second pitfall is to not involve the finance director because the plan may then become fiscally unrealistic and difficult to implement. When considering the role of financial planning in comprehensive planning, one always needs to remember that it is a question of how to balance "thinking creatively" about the future while simultaneously being concerned about how to pay for that future."

Pat Dugan, 2007, "The Capital Facilities Balancing Act"

Balance and Sustainability

OUCH



"The risk in not analyzing the costs of urban services and aligning these costs to a compatible land use plan is a deepening budget hole – where new growth will always be needed to pay the debt service on old growth. This is not a sustainable pattern of development that will generate the funding to provide for new urban services, let alone pay the long term obligation for replacing large urban infrastructure systems once their current life cycle ends."

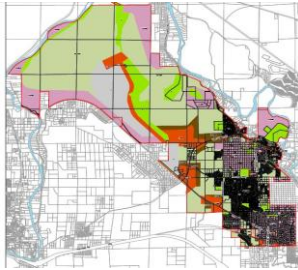
UGA Guidebook 2012

WSAC letter to Legislature

"County revenue is structurally unable to meet current and future service demands. The overdependence on property tax, coupled with a smaller share of sales and use tax and lack of flexibility in the use of other revenues, means that economic growth does not help counties as much as it helps the state and cities. County revenue sources simply cannot keep pace with the increasing demands placed on county government."

WSAC President Todd Mielke: Fiscal Sustainability Initiative to Legislature

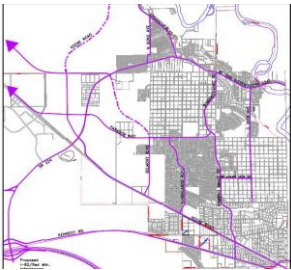
City of West Richland Future Land Use Map



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City of West Richland Transportation Plan



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City of West Richland Sewer Plan



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City of West Richland Water Plan



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City of West Richland Irrigation



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City of West Richland Aerial Photo



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Tools: 365-196 WAC

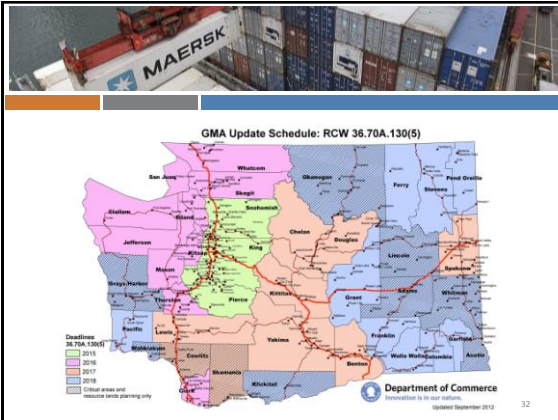
PART THREE URBAN GROWTH AREAS AND COUNTY-WIDE PLANNING POLICIES

- 365-196-300 Urban density
- 365-196-305 County-wide planning policies
- 365-196-310 Urban growth areas
- 365-196-315 Buildable lands review
- 365-196-320 Providing urban services
- 365-196-325 Providing sufficient land capacity suitable for development
- 365-196-330 **Phasing development within the UGA**
- 365-196-335 Identification of open space corridors
- 365-196-340 Identification of lands useful for public purposes
- 365-196-345 New fully contained communities



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Help!!!

As part of our technical assistance program, GMS has written a new **Urban Growth Area Guidebook**.



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Growth Management Services



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Growth Management Services

We assist communities in planning their future.

Growth Management Services Technical Assistance Region Map

- Our focus is on:
- Urban Growth Areas
 - Growth Management Act
 - GMA Grants
 - Education Resources
 - Short Course on Local Planning
 - Plan and Development Regulations Review
 - GMA Periodic Update
 - Planning Topics
 - GMA Laws and Rules



- Growth Management Services
- Capital Facilities
 - Education Resources for Planners
 - Growth Management Planning Topics
 - Regional Transfer Development Rights
 - Short Course on Local Planning
 - GMA Comp Plan Dev Reg Review
 - Growth Management Laws and Rules
 - Growth Management Grants
 - Growth Management Publications
 - EPA NEPA Funding
 - Planner's Update Newsletter

Contact Information
Western Region
1011 Plum St SE

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CFP – The Basic Requirements

RCW 36.70A.070(3)

A capital facilities plan element consisting of:

- (a) **An inventory** of existing capital facilities *owned by public entities*, showing the *locations and capacities* of the capital facilities;
- (b) **A forecast** of the future needs for such capital facilities;
- (c) The **proposed locations and capacities** of expanded or new capital facilities;
- (d) **At least a six-year plan** that will finance such capital facilities within projected funding capacities and clearly identifies sources of public money for such purposes; and
- (e) **A requirement to reassess the land use element if probable funding falls short** of meeting existing needs and to ensure that the land use element, capital facilities plan element, and financing plan within the capital facilities plan element are coordinated and consistent. Park and recreation facilities shall be included in the capital facilities plan element.



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Funding The Vision

Short Term vs. Long Term

- Your comprehensive plan is a **commitment to provide services** at the levels identified in the plan (urban, rural)
- Identify a detailed plan for near term improvements (6-year CIP, annual budget)
- Include a general and reasonable plan for improvements to implement the plan (20 years+)



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The Investment Plan

The adopted Capital Facilities Plan is an investment strategy, defining:

- What public facilities are needed,
- Where they will be provided,
- When projects will occur, and
- How they will be financed.



Easier Said than Done

Tips:

- Start Early – land use & LOS decisions affect costs
- Involve the Right People – Get Finance, PW, and other Departments/Districts at the table early
- Use the same Assumptions and Timeframes (Population, Location and Density of Growth....)
- Address your jurisdiction's Needs and Priorities
- Analyze long term costs of alternatives
- Use the WAC as guidance, look for good examples

The Rules: WAC 365-196-415

- The WAC provides current guidance for updating the CFP and what should be included. Updated in 2010.
- New CFP guidebook available in 2014.
- Look at a variety of recently updated plans, plans from similar jurisdictions, or plans from jurisdictions with similar issues.

Tools to Develop a CFP

As part of our technical assistance program, GMS is updating the Capital Facilities Plan Guidebook. How are investment decisions made where you work?



CFP Guidebook Update

Update is Currently Underway

- Get Involved – Shape the content
- Join the List Serve
- Share your experiences, examples

<http://www.commerce.wa.gov/Services/localgovernment/GrowthManagement/Capital-Facilities/Pages/CapitalFacilitiesPlanningGuidebook.aspx>

Thank you

The Department of Commerce GMS assists local governments in Washington State with technical assistance, procedural criteria, grants, and mediation services - to implement the Growth Management Act (GMA) RCW 36.70A.190.

The new UGA and CFP Guidebooks are published on the Commerce website: www.commerce.wa.gov

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